

AMENDED IN SENATE JANUARY 21, 2014

AMENDED IN SENATE JANUARY 6, 2014

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 650

Introduced by Senator Lieu

February 22, 2013

An act to add Section 9321.1 to, and to repeal and amend Section 9321 of, the Commercial Code, relating to business.

LEGISLATIVE COUNSEL'S DIGEST

SB 650, as amended, Lieu. Motion pictures.

Existing law provides, until January 1, 2015, that a licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

This bill would remove the repeal of this provision on January 1, 2015, thus making this provision in effect indefinitely.

This bill would also provide that a licensee of nonexclusive rights in a motion picture that is produced pursuant to one or more collective bargaining agreements, as specified, takes its nonexclusive license in the motion picture subject to any perfected security interest securing the obligation to pay residuals as set forth in the applicable collective bargaining agreement and arising from exploitation under the license.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 9321 of the Commercial Code, as
2 amended by Section 2 of Chapter 54 of the Statutes of 2013, is
3 repealed.

4 SEC. 2. Section 9321 of the Commercial Code, as added by
5 Section 3 of Chapter 54 of the Statutes of 2013, is amended to
6 read:

7 9321. (a) In this section, “licensee in ordinary course of
8 business” means a person that becomes a licensee of a general
9 intangible in good faith, without knowledge that the license violates
10 the rights of another person in the general intangible, and in the
11 ordinary course from a person in the business of licensing general
12 intangibles of that kind. A person becomes a licensee in the
13 ordinary course if the license to the person comports with the usual
14 or customary practices in the kind of business in which the licensor
15 is engaged or with the licensor’s own usual or customary practices.

16 (b) ~~A~~ Except as otherwise provided in Section 9321.1, a licensee
17 in ordinary course of business takes its rights under a nonexclusive
18 license free of a security interest in the general intangible created
19 by the licensor, even if the security interest is perfected and the
20 licensee knows of its existence.

21 (c) A lessee in ordinary course of business takes its leasehold
22 interest free of a security interest in the goods created by the lessor,
23 even if the security interest is perfected and the lessee knows of
24 its existence.

25 SEC. 3. Section 9321.1 is added to the Commercial Code, to
26 read:

27 9321.1. ~~Notwithstanding the foregoing, a~~ A licensee of
28 nonexclusive rights in a motion picture that is produced pursuant
29 to one or more collective bargaining agreements governed by the
30 laws of the United States takes its nonexclusive license in such
31 motion picture subject to any perfected security interest securing
32 the obligation to pay residuals as set forth in the applicable
33 collective bargaining agreement and arising from exploitation
34 under such license. The terms “motion picture” and “residuals”
35 have the meaning ascribed to such terms under the applicable
36 collective bargaining agreements.

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